

ORIGINAL

OPEN MEETING ITEM



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COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY



Arizona Corporation Commission
PAUL NEWMAN
BRENDA BURNS

DOCKETED

ARIZONA CORPORATION COMMISSION

JUL 02 2012

DATE:

JULY 2, 2012

DOCKETED	DM
DOCKET NOS.:	

W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926,
SW-03575A-07-0300, W-03576A-07-0300, W-01445A-06-0200,
SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200,
SW-03575A-06-0200, WS-01775A-07-0485, SW-03575A-07-
0485, W-02442A-07-0485, and W-03576A-07-0485.

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Yvette B. Kinsey.
The recommendation has been filed in the form of an Order on:

ARIZONA WATER COMPANY vs. GLOBAL WATER RESOURCES, LLC, GLOBAL
WATER RESOURCES, INC., GLOBAL WATER MANAGEMENT, LLC, SANTA CRUZ
WATER COMPANY, LLC, PALO VERDE UTILITIES COMPANY, LLC, GLOBAL
WATER-SANTA CRUZ WATER COMPANY, GLOBAL WATER-PALO VERDE
UTILITIES COMPANY, JOHN AND JANE DOE 1-20; ABC ENTITIES I-XX.
(FORMAL COMPLAINT)


Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of
the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions
with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 11, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the
Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively
been scheduled for the Commission's Open Meeting to be held on:

JULY 18, 2012 and JULY 19, 2012

For more information, you may contact Docket Control at (602) 542-3477 or the
Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the
Executive Director's Office at (602) 542-3931.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice
phone number 602-542-3931, E-mail SABernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA WATER COMPANY FOR AN
10 EXTENSION OF ITS EXISTING CERTIFICATE
11 OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-06-0199

12 IN THE MATTER OF THE APPLICATION OF
13 PALO VERDE UTILITIES COMPANY FOR AN
14 EXTENSION OF ITS EXISTING CERTIFICATE
15 OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

16 IN THE MATTER OF THE APPLICATION OF
17 SANTA CRUZ WATER COMPANY FOR AN
18 EXTENSION OF ITS EXISTING CERTIFICATE
19 OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-05-0926

20 IN THE MATTER OF THE APPLICATION OF
21 PALO VERDE UTILITIES COMPANY FOR AN
22 EXTENSION OF ITS EXISTING CERTIFICATE
23 OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-07-0300

24 IN THE MATTER OF THE APPLICATION OF
25 SANTA CRUZ WATER COMPANY FOR AN
26 EXTENSION OF ITS CERTIFICATE OF
27 CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-07-0300

28 ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION,

COMPLAINANT,

VS.

GLOBAL WATER RESOURCES, LLC, A
FOREIGN LIMITED LIABILITY COMPANY;
GLOBAL WATER RESOURCES, INC., A
DELAWARE CORPORATION; GLOBAL
WATER MANAGEMENT, LLC, A FOREIGN
LIMITED LIABILITY COMPANY; SANTA
CRUZ WATER COMPANY, LLC, AN ARIZONA
LIMITED LIABILITY CORPORATION; PALO
VERDE UTILITIES COMPANY, LLC, AN
ARIZONA LIMITED LIABILITY

DOCKET NO. W-01445A-06-0200
DOCKET NO. SW-20445A-06-0200
DOCKET NO. W-20446A-06-0200
DOCKET NO. W-03576A-06-0200
DOCKET NO. SW-03575A-06-0200

CORPORATION; GLOBAL WATER – SANTA CRUZ WATER COMPANY, AN ARIZONA CORPORATION; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, AN ARIZONA CORPORATION; JOHN AND JANE DOES 1-20; ABC ENTITIES I-XX,

RESPONDENTS.

IN THE MATTER OF THE JOINT APPLICATION OF CP WATER COMPANY AND FRANCISCO GRANDE UTILITIES COMPANY TO TRANSFER THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY AND ASSETS TO PALO VERDE UTILITIES COMPANY AND SANTA CRUZ WATER COMPANY.

DOCKET NO. WS-01775A-07-0485
DOCKET NO. SW-03575A-07-0485
DOCKET NO. W-02442A-07-0485
DOCKET NO. W-03576A-07-0485

DECISION NO. _____

ORDER

Open Meeting
July 18 and 19, 2012
Phoenix, Arizona

BY THE COMMISSION:

This Order comes before the Arizona Corporation Commission (“Commission”) to resolve a Joint Motion to Dismiss a Formal Complaint without prejudice.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On December 28, 2005, Global-Santa Cruz Water Company, LLC (“Global-Santa Cruz”) and Global-Palo Verde Utilities (“Global-Palo Verde”) (collectively “the Global Utilities”) filed the first of a series of competing Certificate of Convenience and Necessity (“CC&N”) extension applications with the Arizona Corporation Commission (“Commission”).² The Global Utilities are limited liability corporations owned by Global Water Resources, LLC (“GWR”). At the time the application was filed, Global-Santa Cruz served approximately 9,650 water customers and Global-

¹ In Decision No. 69920 (September 27, 2007), the Commission approved the requests of Palo Verde Utilities Company, LLC, and Santa Cruz Water Company, LLC, to transfer their respective assets and CC&Ns to the newly formed corporations known as Global Water-Palo Verde and Global Water-Santa Cruz.

² Global Utilities’ Application filed in Docket No. W-03576A-05-0926.

1 Palo Verde served more than 9,500 wastewater customers.³

2 2. The CC&N extension application requested an extension of the Global Utilities'
3 respective water and wastewater CC&Ns to include more than 69 square miles in the Maricopa/Casa
4 Grande geographic areas in Pinal County.⁴ The application proposed extending Global-Santa Cruz's
5 CC&N to include 19,300 acres, or 30 sections of land, and to include 26,000 acres, or 40 sections of
6 land, in Global-Palo Verde's CC&N.⁵ The proposed service area for Global-Palo Verde was larger
7 because the application requested approval to provide wastewater service in some areas where
8 Arizona Water Company ("AWC") currently holds a CC&N to provide water service.⁶ According to
9 the application, the Global Utilities planned to serve several proposed master planned communities
10 within portions of the extension areas.⁷ The Global Utilities' application acknowledged that AWC's
11 CC&N was located within the proposed extension area, but indicated that Global-Santa Cruz was not
12 requesting an extension into AWC's certificated area.⁸ However, Global-Santa Cruz stated that it
13 *may* seek to serve the AWC areas where Global-Palo Verde had wastewater requests for service in
14 order to provide a more integrated approach in the proposed extension areas.⁹

15 3. On March 29, 2006, AWC filed an application with the Commission for an extension
16 of its Casa Grande system CC&N, to include virtually the same areas requested in the Global
17 Utilities' application.¹⁰ At that time, AWC provided water service to approximately 84,000
18 customers in 22 systems throughout Arizona.¹¹ On the same date, AWC filed a request to intervene
19 in the Global Utilities' CC&N extension docket. Intervention was granted by Procedural Order on
20 April 12, 2006.

21 4. AWC's CC&N application included parcels of land adjacent to AWC's existing
22 CC&N, as well as other areas.¹² AWC's application requested the extension of 112 parcels of land,
23

24 ³ Staff Report dated October 26, 2006 in Docket No. W-03576A-05-0926.

25 ⁴ Global Utilities' Application (Docket No. W-03576A-05-0926).

26 ⁵ Id. at 2.

27 ⁶ Staff Report dated October 26, 2006 (Docket No. W-03576A-05-0926).

28 ⁷ Global Utilities' Application (Docket No. W-03576A-05-0926).

⁸ Id.

⁹ Id.

¹⁰ See AWC Application (Docket No. W-01445-06-0199).

¹¹ Id.

¹² Id.

1 or approximately 70,000 acres, into AWC's Casa Grande CC&N.¹³ AWC's application also
2 requested an extension of AWC's CC&N to include the existing certificated area of CP Water
3 Company ("CP Water"). CP Water subsequently filed a motion to be excluded from AWC's
4 proposed extension area.¹⁴

5 5. On March 29, 2006, AWC filed a Formal Complaint ("Complaint") against GWR and
6 various GWR affiliates alleging that GWR was conducting business as a public service corporation;
7 that GWR was illegally using financing arrangements and fee demands; and that GWR was illegally
8 infringing on AWC's CC&N and interfering with AWC's customers ("Complaint Docket").¹⁵

9 6. On April 7, 2006, the Global Utilities filed a request to intervene in the AWC CC&N
10 extension docket.¹⁶

11 7. On May 17, 2007, Global Utilities filed a second application requesting an extension
12 of their respective CC&Ns to include the same general area in Pinal County where AWC provides
13 service.¹⁷ AWC filed a motion to intervene in the Global Utilities' second CC&N extension docket,
14 stating that AWC was "first in the field" and that AWC had facilities located adjacent and contiguous
15 to the proposed extension area.¹⁸ AWC was granted intervention in the Global Utilities' extension
16 docket. AWC also requested consolidation of the two Global Utilities' extension dockets with
17 AWC's CC&N extension docket. The three dockets were consolidated by Procedural Order issued
18 December 20, 2007.

19 8. On May 15, 2008, AWC and Global Utilities (collectively "the Utilities") docketed a
20 Settlement Agreement ("Agreement"), which the Utilities stated resolved the issues raised in the
21 competing CC&N extension dockets, the Transfer docket, and the Complaint docket. The Agreement
22 established "Planning Areas" for each party; contemplated each party receiving a specified CC&N
23 extension area within proposed Planning Areas; purported to lay the ground work for increased
24 cooperation between AWC and Global Utilities for the use of reclaimed water; and stated that the
25

26 ¹³ Staff Report filed in Docket No. W-01445-06-0199 dated October 26, 2006.

27 ¹⁴ Motion to Exclude filed June 6, 2006 in Docket No. W-01445A-06-0199.

28 ¹⁵ See Docket No. W-01445A-06-0200 et al.

¹⁶ Motion to Intervene dated April 6, 2006.

¹⁷ Global Utilities Application (Docket No. SW-03575A-07-0300).

¹⁸ AWC's Motion to Intervene dated May 17, 2007.

1 Agreement would end the lengthy dispute between AWC and Global Utilities. In the Agreement,
2 AWC agreed to dismiss its Complaint against GWR/Global if the Agreement was approved by the
3 Commission.

4 9. On June 16, 2008, AWC and Global filed a Motion to Consolidate the CC&N
5 Extension Dockets, Transfer Docket, and Complaint Docket.

6 10. On August 5, 2008, by Procedural Order, Global Utilities and AWC CC&N Extension
7 Dockets, Transfer Docket, and Complaint Docket were consolidated for purposes of hearing and
8 resolution of the issues.

9 11. Subsequently, AWC and Global Utilities filed amended applications for extension of
10 their respective CC&Ns reflecting the provisions set forth in the Agreement.

11 12. On June 8 and 9, 2009, hearings were conducted in the consolidated proceeding.

12 13. On May 1, 2012, the Commission issued Decision No. 73146 approving CC&N
13 extensions for the Utilities generally in accordance with the boundaries established by the Utilities in
14 the Agreement.

15 14. On May 31, 2012, a Joint Motion of Arizona Water Company and Global Entities to
16 Dismiss Formal Complaint ("Motion") was docketed. The Motion states that AWC and Global
17 jointly move to dismiss, without prejudice, the Formal Complaint filed by AWC against
18 GWR/Global,¹⁹ and that the Motion is being filed pursuant to the terms of paragraphs 4(g) and 9(a) of
19 the Agreement.

20 15. On June 8, 2012, Staff docketed a Response to Joint Motion to Dismiss, stating that
21 Staff has reviewed the Motion and does not oppose granting the motion to dismiss the Complaint
22 without prejudice.

23 16. Based on the joint Motion and Staff's response thereto, we find it appropriate and in
24 the public interest to grant dismissal of the Formal Complaint without prejudice.

25
26
27 ¹⁹ GWR, as the successor in interest to Global Water Resources, LLC, Global Water-Santa Cruz Water Company, Global
28 Water- Palo Verde Utilities Company, and Global Water Management, Inc. as the successor in interest to Global Water
Management, LLC.

CONCLUSIONS OF LAW

1
2 1. Arizona Water Company, Global-Palo Verde, Global-Santa Cruz, CP Water
3 Company, and Francisco Grande Utility Company are public service corporations within the meaning
4 of Article XV of the Arizona Constitution and A.R.S. §§ 40-246, 40-281, 40-282, and 40-285.

5 2. The Commission has jurisdiction over Arizona Water Company, Global-Palo Verde,
6 Global-Santa Cruz and the subject matter of the Formal Complaint filed by Arizona Water Company.

7 3. It is in the public interest to dismiss Arizona Water Company's Formal Complaint,
8 without prejudice.

ORDER

9
10 IT IS THEREFORE ORDERED that Joint Motion to Dismiss the Formal Complaint filed by
11 Arizona Water Company in Docket No. W-01445A-06-0200 is hereby dismissed without prejudice.

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1 IT IS FURTHER ORDERED that Docket Control is hereby instructed to administratively
2 close Docket No. W-01445A-06-0200.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
5
6

7 CHAIRMAN _____ COMMISSIONER _____
8

9 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____
10

11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this _____ day of _____, 2012.

16 ERNEST G. JOHNSON
17 EXECUTIVE DIRECTOR

18 DISSENT _____
19

20 DISSENT _____
21

YBK:db
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1 SERVICE LIST FOR:

ARIZONA WATER COMPANY, PALO VERDE UTILITIES
2 COMPANY, SANTA CRUZ WATER COMPANY, GLOBAL
3 WATER RESOURCES, LLC, CP WATER COMPANY and
FRANCISCO GRANDE UTILITIES.

4 DOCKET NOS.:

W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926,
SW-03575A-07-0300, W-03576A-07-0300, W-01445A-06-0200,
5 SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200,
SW-03575A-06-0200, WS-01775A-07-0485, SW-03575A-07-
6 0485, W-02442A-07-0485, and W-03576A-07-0485.

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